Senate File 409 - Introduced

SENATE FILE 409
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO SSB 1075)

A BILL FOR

- 1 An Act relating to the economic development financial
- 2 assistance duties and powers of the economic development
- 3 authority by authorizing and creating fees, affecting the
- 4 aggregate tax credit limit for certain economic development
- 5 programs, making an appropriation, and including effective
- 6 date and retroactive applicability provisions.
- 7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I

- 2 COLLECTION OF FEES
- 3 Section 1. Section 12.10, Code 2013, is amended to read as 4 follows:
- 5 12.10 Deposits by state officers.
- 6 Except as otherwise provided, all elective and appointive
- 7 state officers, boards, commissions, and departments shall,
- 8 within ten days succeeding the collection, deposit with the
- 9 treasurer of state, or to the credit of the treasurer of state
- 10 in any depository designated by the treasurer of state, ninety
- 11 percent of all fees, commissions, and moneys collected or
- 12 received. The balance actually collected in cash, remaining
- 13 in the hands of any officer, board, or department shall not
- 14 exceed the sum of five thousand dollars and money collected
- 15 shall not be held more than thirty days. This section does not
- 16 apply to the state fair board, the state board of regents, the
- 17 utilities board of the department of commerce, the director of
- 18 the department of human services, the Iowa finance authority,
- 19 the economic development authority, or to the funds received
- 20 by the state racing and gaming commission under sections 99D.7
- 21 and 99D.14.
- Sec. 2. Section 15.106B, Code 2013, is amended by adding the
- 23 following new subsection:
- 24 NEW SUBSECTION. 5. a. The authority may charge fees to
- 25 businesses or individuals who receive financial assistance
- 26 under chapter 15 or 15E. The amount of such fees shall be
- 27 determined based on the costs of the authority associated with
- 28 its performance of contract administration and compliance
- 29 duties relating to economic development programs.
- 30 b. The authority may charge businesses and individuals a fee
- 31 for the use of the authority's federal EB-5 immigrant investor
- 32 regional center.
- 33 Sec. 3. Section 15.330, Code 2013, is amended by adding the
- 34 following new subsection:
- 35 NEW SUBSECTION. 12. a. The imposition of a one-time

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- 1 compliance cost fee of five hundred dollars to be collected
- 2 by the authority prior to the issuance of a tax incentive
- 3 certificate or the disbursement of financial assistance.
- 4 b. The imposition of a compliance cost fee equal to one-half
- 5 of one percent of the value of tax incentives claimed pursuant
- 6 to an agreement that has an aggregate tax incentive value of
- 7 one hundred thousand dollars or greater. The authority shall
- 8 collect the fee from the business after the tax incentive is
- 9 claimed by the business from the department of revenue.
- 10 Sec. 4. NEW SECTION. 15E.198 Compliance cost fees.
- 11 The compliance cost fees imposed in 15.330, subsection 12,
- 12 shall apply to all agreements entered into under this division
- 13 and shall be collected by the authority in the same manner and
- 14 to the same extent as described in that subsection.
- 15 Sec. 5. EFFECTIVE UPON ENACTMENT. This division of this
- 16 Act, being deemed of immediate importance, takes effect upon
- 17 enactment.
- 18 Sec. 6. APPLICABILITY. This division of this Act applies to
- 19 agreements entered into on or after the effective date of this
- 20 division of this Act.
- 21 DIVISION II
- 22 AGGREGATE TAX CREDIT LIMITATION
- 23 Sec. 7. Section 15.119, subsection 1, Code 2013, is amended
- 24 to read as follows:
- 25 l. a. Notwithstanding any provision to the contrary in
- 26 any of the programs listed in subsection 2, the authority,
- 27 except as provided in paragraph "b", shall not authorize for
- 28 any one fiscal year an amount of tax credits for the programs
- 29 specified in subsection 2 that is in excess of one hundred
- 30 twenty eighty-five million dollars.
- 31 b. (1) The authority may authorize an amount of tax credits
- 32 during a fiscal year that is in excess of the amount specified
- 33 in paragraph "a", but the amount of such excess shall be counted
- 34 against the total amount of tax credits that may be authorized
- 35 for the next fiscal year.

- 1 (2) Any amount of tax credits authorized and awarded during
- 2 a fiscal year for a program specified in subsection 2 which are
- 3 irrevocably declined by the awarded business on or before June
- 4 30 of the next fiscal year may be reallocated, authorized, and
- 5 awarded during the fiscal year in which the declination occurs.
- 6 Tax credits authorized pursuant to this subparagraph shall not
- 7 be considered for purposes of subparagraph (1).
- 8 Sec. 8. Section 15.119, subsection 2, paragraphs d and e,
- 9 Code 2013, are amended to read as follows:
- 10 d. The tax credits for investments in qualifying businesses
- 11 and community-based seed capital funds issued pursuant to
- 12 section 15E.43. In allocating tax credits pursuant to this
- 13 subsection, the authority shall allocate two million dollars
- 14 for purposes of this paragraph, unless the authority determines
- 15 that the tax credits awarded will be less than that amount.
- 16 e. The tax credits for investments in an innovation fund
- 17 pursuant to section 15E.52. In allocating tax credits pursuant
- 18 to this subsection, the authority shall allocate eight million
- 19 dollars for purposes of this paragraph, unless the authority
- 20 determines that the tax credits awarded will be less than that
- 21 amount.
- Sec. 9. Section 15.119, subsection 3, Code 2013, is amended
- 23 to read as follows:
- 24 3. In allocating the amount of tax credits authorized
- 25 pursuant to subsection 1 among the programs specified in
- 26 subsection 2, the authority shall not allocate more than five
- 27 at least ten million dollars for purposes of subsection 2,
- 28 paragraph "f".
- 29 Sec. 10. EFFECTIVE UPON ENACTMENT. This division of this
- 30 Act, being deemed of immediate importance, takes effect upon
- 31 enactment.
- 32 Sec. 11. RETROACTIVE APPLICABILITY. This division of this
- 33 Act applies retroactively to July 1, 2012.
- 34 DIVISION III
- 35 CITY DEVELOPMENT BOARD FEES

- 1 Sec. 12. Section 368.10, Code 2013, is amended to read as 2 follows:
- 3 368.10 Rules establishment of filing fees.
- 4 The board may establish rules for the performance of its
- 5 duties and the conduct of proceedings before it. The rules
- 6 may include establishing filing fees for applications and
- 7 petitions submitted to the board. The amounts collected
- 8 from the establishment of such fees are appropriated to the
- 9 board for the purpose of reimbursing the economic development
- 10 authority for the budgeted costs of covering the board's
- 11 expenses as described in section 368.9, subsection 1. Any
- 12 amounts collected in a fiscal year by the board in excess of
- 13 such budgeted costs shall be deposited in the general fund of
- 14 the state. The board's rules are subject to chapter 17A, as
- 15 applicable.
- 16 EXPLANATION
- 17 This bill relates to the financial management of the
- 18 economic development authority (EDA) by authorizing and
- 19 creating fees, affecting the aggregate tax credit limit
- 20 for certain economic development programs, and by making an
- 21 appropriation.
- 22 COLLECTION OF FEES. Division I amends Code section
- 23 15.106B, relating to the program powers of the EDA, to allow
- 24 for the imposition and collection of fees from businesses or
- 25 individuals who receive financial assistance from the EDA under
- 26 Code chapter 15 or 15E. The fee amounts are to be determined
- 27 based on the EDA's costs of administering contracts under its
- 28 various economic development programs. The division also
- 29 allows the EDA to charge a fee for the use of its federal EB-5
- 30 immigrant investor regional center. Code section 12.10 is
- 31 amended to allow the EDA to retain the fees it collects by
- 32 adding the EDA to the list of departments exempted from the
- 33 requirement to deposit all collected fees with the treasurer of
- 34 state.
- 35 The division creates two compliance cost fees to be imposed

- 1 on all persons or entities that enter into an agreement with
- 2 the EDA under its high quality jobs program or enterprise zone
- 3 program. First, a one-time compliance cost fee of \$500 due
- 4 prior to the issuance of a tax incentive certificate or the
- 5 disbursement of financial assistance. Second, a compliance
- 6 cost fee equal to 0.5 percent of the value of tax incentives
- 7 claimed under any agreement that has an aggregate tax incentive
- 8 value of \$100,000 or greater, which fee is due after a tax
- 9 incentive is claimed from the department of revenue.
- 10 The division takes effect upon enactment and applies to
- 11 agreements entered into on or after the effective date of the
- 12 division.
- 13 AGGREGATE TAX CREDIT LIMITATION. Division II increases
- 14 the aggregate tax credit limit on EDA programs listed in
- 15 Code section 15.119 from \$120 million per fiscal year to
- 16 \$185 million per fiscal year. The division allows the EDA
- 17 to reallocate, authorize, and award for a fiscal year any
- 18 amount of tax credits that were previously awarded by the EDA,
- 19 provided the tax credit is irrevocably declined by the awarded
- 20 business before the close of the fiscal year which follows the
- 21 fiscal year in which it was awarded. Any amount of tax credits
- 22 reallocated, authorized, and awarded under this provision shall
- 23 not be included in the calculation of the aggregate tax credit
- 24 limit for the fiscal year.
- 25 The division amends the requirement that not more than
- 26 \$5 million in tax credits be allocated to the redevelopment
- 27 tax credit program for brownfields and grayfields to require
- 28 that at least \$10 million in tax credits be allocated to the
- 29 program.
- 30 The division amends the requirements that \$2 million and \$8
- 31 million in tax credits be allocated to the qualifying business
- 32 and community-based seed capital funds investment tax credits
- 33 and the innovation fund tax credit, respectively, to allow
- 34 the EDA to allocate a lesser amount if it determines the tax
- 35 credits awarded for that fiscal year will be lower.

- The division takes effect upon enactment and applies 2 retroactively to July 1, 2012.
- 3 CITY DEVELOPMENT BOARD FEES. Under current law, the EDA
- 4 is required to provide office space and staff assistance to
- 5 the city development board created in Code section 368.9,
- 6 and to budget funds to cover expenses of the board. Also
- 7 under current law, the city development board is allowed to
- 8 impose fees upon applications and petitions submitted to the
- 9 board. Division III appropriates the amounts collected from
- 10 those fees to the city development board for the purpose of
- 11 reimbursing the EDA for the budgeted costs of covering the
- 12 board's expenses. Any fees collected in a fiscal year by the
- 13 city development board in excess of such budgeted costs shall

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14 be deposited in the general fund of the state.